

# Executive Summary

**L**ong before the United States declared war on poverty and attacked destitution family by family, it was a crime for parents to financially neglect their children. Now that policy makers have decided there is a limit to the nation's generosity, parental child support is expected to once again become the first resort for keeping children warm and fed.

Before that can happen in California, the State's Child Support Enforcement Program needs substantial improvement.

The federally mandated program is operated by the Office of Child Support in the Department of Social Services. The State has delegated to the county district attorneys many of the day-to-day responsibilities of finding parents, obtaining support orders and enforcing those obligations. Scores of other public agencies and -- with universal wage assignments -- virtually every employer in the state have been recruited to help make parents financially responsible for their children.

Despite an escalating effort in recent years, the program's performance has lagged behind the social trends that have made child support enforcement second only to public education in the number of children involved. A persistently high divorce rate and increasing out-of-wedlock births have eroded away the two-parent family structure that is more capable of providing the financial resources needed to independently escape or avoid poverty.

One in three children, it is estimated, will live in a single-parent home at some point in their youth. For the last 40 years, welfare propped up the most

financially unstable of these fractured families. With the new limit on benefits, single custodial parents who do not find jobs will have to fall back on something far less reliable than welfare -- child support.

State child support officials and their county partners point out that more support is being collected than ever before. They maintain that California is well down the road to improvement, and all that lies between today and success is the time it will take for enacted reforms to be implemented.

But compelling evidence undermines their optimism. Fewer than half of the families who have asked for help in securing child support have a court order in place. Of those, fewer than half are actually receiving any money. And those numbers overstate the success because they do not include the tens of thousands of cases that prosecutors in California give up on each year. When all cases are taken into account, one in eight families who are entitled to support receive it. Hope can be found in some counties that have made tenacious gains, but so far that progress has not been contagious.

In the course of conducting this study, the Little Hoover Commission discovered that it is possible to run an effective child support program and even to turn a bad program around. Massachusetts did it. California can do it.

The Little Hoover Commission also found that despite the confidence of state officials and promises that technology purchasing procedures have been reformed, the State is struggling to salvage a \$300 million computer network that is brand new and barely functioning. The Statewide Automated Child Support System (SACSS) may work someday. But today, the computer system actually has increased the chances that children are not receiving the financial support they deserve.

And the Commission discovered that impending welfare reforms create challenges for a child support program that has not lived up to modest, pre-reform expectations. To successfully implement federal requirements -- including creation of a centralized collections unit -- state social service workers, county law enforcement officials and legislative leaders will need to fundamentally put children at the center of reform efforts.

The counties that have crafted respectable child support enforcement programs report that this is one government program that really can be run like a business. Following mainstream corporate wisdom, they have fashioned people, process and technology to efficiently and effectively accomplish the task at hand. If that success is going to be replicated statewide, the State will have to adopt the same time-tested strategies, and do so with a passion commensurate to the importance of the task.

In short, State leaders need to make child support a priority. California's counties, as the day-to-day operators of the program, have to be held

accountable for meeting minimum performance standards. Whether prompted by federal welfare reforms or California's innate ambition, reorganization efforts should be guided overwhelmingly by the imperative that children deserve the best possible service. Automation needs to be pragmatically embraced to accomplish the routine and counterweighted with a pledge to resolve problems person to person. And finally the commitment to do better must be renewed with every birth in California, because every child is entitled to financial and emotional support.

With considerable effort, improved child support has the potential to address poverty in a way that government welfare never could. Benefits may be limited, but parenthood is for life.

After more than a year of research and analysis, with the cooperation of public officials and public advocates, parents and their representatives, the Little Hoover Commission has reached the following findings and recommendations:

## *Defining Vision*

**Finding 1: The management of state Office of Child Support has not defined a vision, provided the leadership or developed the public and private partnerships necessary for the enforcement program to reach its potential.**

California has the toughest enforcement tools in the nation, and one of the lowest collection rates. Statutes, regulations and technologies by themselves are dull implements that can only be honed with public leadership. An essential ingredient in other states that have improved child support collections has been enthusiastic and unwavering political support from the highest ranks of the executive, legislative and judicial branches.

***Recommendation 1: To reach its potential, the state Child Support Enforcement Program needs a proven manager capable of developing a management team of the best talent available, creating a strategic vision for increasing orders and collections and inspiring statewide backing for the program.***

Political capital is what elevates public programs to public imperatives. It inspires public workers and raises public awareness. Leadership cannot be legislated. But there are some mechanisms that could be used by emerging leaders to make child support reform a priority. Measures the State should take include the following:

- The Chief of the Office of Child Support Enforcement should establish a Child Support Leadership Council composed of representatives of

involved state departments, county district attorneys and welfare offices and advocacy groups. The council should meet monthly to identify collective problems and potential solutions. At least once a year, the council should be chaired by the Secretary of the Health and Welfare Agency for the purpose of setting program goals, agreeing on state and federal legislative priorities and identifying new policy issues that the council will explore in the coming year.

- The chief of the Office of Child Support should create regional panels of district attorneys, welfare officials and parent representatives who will meet quarterly to identify coordination problems and potential solutions and to review new policies and regulations.
- The chief of Office of Child Support should encourage the faculties of the California State University System and the University of California to help design, test and refine strategies for ensuring support payments for children.
- The chief of the Office of Child Support should develop a plan and seek legislation to create a training program for top county family support workers to inform them of state and federal rules and effective management practices. The State should draw on the expertise of counties, the private bar and other states to make the training practical and high-caliber.

## *Creating Accountability*

**Finding 2:** The State does not hold county child support programs accountable for meeting minimum performance standards and depends on unreliable data to reward counties for undocumented successes.

The state Child Support Enforcement Program has put its desire to build a partnership with county district attorneys ahead of its obligation to hold counties responsible for collecting support. The counties openly concede they give up on cases and alter data collection methods in order to minimize criticism and maximize incentive payments. The State declares large numbers of counties in compliance with procedural norms with little evidence to support that conclusion -- and there are no significant consequences for counties that fail to meet the norms.

***Recommendation 2:*** To develop an effective child support program, the State should collect reliable data from the counties, conduct sound evaluations and enforce minimum performance standards.

The county district attorneys want -- and should have -- the liberty to make all of the day-to-day decisions about how to administer local aspects of the child support enforcement program. In exchange for that freedom, however, counties should be required to report reliable data on program performance so that the public and state officials can hold locally elected officials accountable for that performance. Measures the State should take include the following:

- Require counties to gather verifiable, uniform and comparable data on the performance of child support efforts. The data should be audited by the State annually. The accounting rules should allow for two classes of cases -- cases that are open and active, and difficult cases that are no longer actively worked but are periodically matched against databases to locate missing parents or assets.
- Create a rigorous county evaluation system that determines whether counties are in compliance with federal and state procedures. The system should require valid statistical evidence affirming that a county is satisfying minimum standards before the county can be found in compliance. Counties that are out of compliance in the same category for two or more consecutive years should be financially sanctioned.
- Amend the incentive system to be success-based. Only counties in compliance with all state and federal child support regulations should be eligible to receive incentives. The incentive system should be simple enough to enable counties to identify clear goals and should reward only those counties that demonstrate continuous improvement in outcomes -- such as providing a specified payment for each paternity or support order established.
- Publish, in collaboration with child support advocacy groups, the California Family Support Council and the California District Attorneys Association, an annual report card based on uniform and agreed-upon data to clearly reveal how individual county family support divisions have performed during the previous year.
- Allow parents to sue counties for failing to satisfy minimum federal and state performance standards.
- Develop, in collaboration with the best performing counties, assessment teams made up of the best county talent available. The teams should analyze the operations of the poor performing counties, provide suggested best management practices to cure the biggest problems, and report on their findings to the county board of supervisors and to the district attorney.

- Link the state child support investment fund with the assessment teams to help counties fund reforms that the teams recommend. Counties should be allowed to “pay back” the funds by demonstrating that the improvement resulted in cost savings to the state General Fund of an amount equal to the loan over a specified number of years.

## *Maximizing Collections*

**Finding 3: In dividing child support enforcement duties between the counties and the State, the opportunity is being missed to develop efficient and flexible solutions that encourage ongoing innovations that will maximize collections.**

When the mail arrives, what matters most to struggling families is that absent parents are held financially responsible for their children. They are not overly concerned with whether the check was processed in Sacramento or in Siskiyou County. Organizational design does shape accountability and efficiency. But far too much improvement is needed to allow efficiency to be compromised in order to preserve the status quo or the balance of power.

***Recommendation 3: The State should centralize functions that it is compelled to by federal law or that it can inherently do more efficiently and effectively than all counties. Otherwise, the State should encourage partnerships and pilot projects that foster competition, innovation and provide counties with options for enforcing orders and collecting support.***

Many factors appropriately influence reorganization efforts, such as the collection and disbursement of child support. The system has to be secure, it has to satisfy federal rules, it has to be cost-effective. One dynamic demonstrated by the Franchise Tax Board's collections program is that competition between government agencies can spur improvements just like competition between private-sector businesses. These valid considerations should guide an ongoing reassessment and realignment of child support functions. Preserving a division of labor for the sake of tradition should not be a factor in the debate. Measures the State should take include the following:

- Revise the Franchise Tax Board's successful collections program to encourage counties to make better use of those services and to mandate that counties not meeting minimum performance standards turn delinquent cases over to the FTB. One way to encourage greater county participation would be to develop a sliding fee scale allowing counties to keep a larger percentage of the collection incentive money

in delinquent cases the quicker they refer cases to the FTB. Counties would be allowed to choose which cases they refer to FTB for enforcement, unless the counties are not in compliance with performance mandates.

- When establishing a centralized collection unit, give high priority to the option that provides the maximum possible convenience to employers and paying parents and the quickest disbursement of funds possible to receiving families -- such as the use of electronic fund transfers and the use of automatic teller machines to distribute support. The design and procurement process should explore the entire continuum of possibilities -- from complete privatization, to private-public partnerships to operation by a state agency. The State should periodically revisit the issue to ensure that the latest technological developments are being employed to maximize collections and convenience.
- Require the agency or agencies that are made responsible for distributing child support payments to operate a service as in Massachusetts that is capable of answering all collections-related questions and resolving collections-related complaints from parents, employers or other involved members of the public.
- Create a statewide property lien that can be established by each county district attorney.
- Enact legislation making willful and repeated failure to provide child support a felony, in order to help resolve interstate and other difficult cases. To the extent possible, the statute should be crafted to maximize the ability of prosecutors to capture non-custodial parents in other states, while minimizing the effects on over-crowded prisons.
- Pass a legislative resolution urging the federal government to aggressively enforce felony child support provisions of federal law.

## *Realistic Automation & Fair Process*

**Finding 4: The attempt to automate child support casework statewide has sacrificed current financial support, has failed to put a priority on delivering the easy benefits of automation quickly and reliably and is creating due process concerns for future cases.**

A lot has gone wrong with the Statewide Automated Child Support System. Among the unanswered questions is the effectiveness of past reforms to the State's procurement process that were made following the Department of Motor Vehicles computer controversy. In this case, however, the

consequences go beyond the possibility of unwise expenditures of public money. In this instance, functioning child support enforcement programs have been hobbled by an overly complex system that so far cannot perform simple tasks. As a result, some children have not received needed support. At the same time, in automating the enactment and enforcement of support orders, officials have not adequately provided for fair notice and complaint procedures, which are essential to maintaining public confidence in government programs.

***Recommendation 4: Given the high stakes involved in child support, the State should prepare for the possibility that SACSS will never function properly. The State also should rigorously review the existing oversight provided by the Department of Information Technology. And the State should craft policies that enhance automation while maintaining basic fairness.***

The frustrating reality is that several counties in California, independently of SACSS, have automated routine steps in securing and enforcing child support orders. What those counties needed -- and what eventually all counties could have benefited from -- was a centralized case registry and easy access to other databases that can provide information on the location of missing parents and their assets. The State was led down the road to SACSS with specific directions from the federal government, but that does not mean that it cannot pro-actively devise strategies that will meet California's business needs. Specifically, the State should take the following measures:

- As soon as possible, but no later than the Department of Information Technology's mid-summer goal, the State should make a decision about how or whether to proceed with SACSS. That determination will require reaching beyond the technical questions to consider fiscal consequences and the long-term ability to increase child support collections. The Department of Information Technology, in collaboration with the Health and Welfare Data Agency, should empanel a group of the best public and private industry talent available to help it make this judgment call -- assessing whether SACSS can be made to work within a reasonable time frame at a reasonable cost and to identify alternative solutions. The group should meet with representatives from Lockheed Martin/IMS and with State and county officials to help define the problems and possible options. The California Council on Science and Technology could be called upon to fulfill the advisory role or could provide a model for the advisory group.
- While the SACSS corrective action plan is being implemented, the State should devise a backup plan for automating basic child support functions should SACSS fail to efficiently perform those functions.

The backup plan should explore potential funding sources, including federal assistance.

- After the problems with SACSS are resolved, an independent review of the Department of Information Technology should be conducted, perhaps by the Little Hoover Commission, to determine if the oversight responsibilities of the new agency have been implemented effectively.
- Accelerate implementation of a central case registry for child support cases.
- Develop a uniform complaint procedure and dispute-resolution process to be used by the counties and monitored by the state Office of Child Support.
- Require that all written contacts with non-custodial parents include clear and understandable descriptions of the consequences that result from not appearing for scheduled court dates and not complying with orders of the court -- including all of the enforcement actions that can be taken automatically against delinquent non-custodial parents.
- Allow for service of legal documents by mail to non-custodial parents. However, every effort needs to be taken to use the most valid address available. And because poor information undoubtedly will lead to inadequate notice, when service is provided by mail non-custodial parents should have an automatic right to reopen resulting court decisions within a limited time after the first assignment of wages. To increase the chances that mail service will be successful, wherever possible notices should be mailed both to a residence and to the workplace where a wage assignment would be sent.

## *When Welfare Ends*

**Finding 5: The existing child support program is not adequate for providing all of the financial help that children will need when welfare benefits expire.**

The proportion of families who are entitled to child support compared to those who are receiving child support is less than one in nine. Welfare reforms are likely to result in more custodial parents getting jobs. Reforms also may encourage some custodial parents to fully cooperate with child support authorities in securing orders against absent parents. But many child support officials do not believe those reforms, or other reforms underway to bolster child support collections, will be enough to provide the other eight families with the financial help they will need.

***Recommendation 5: The State must develop and fund new strategies for more effectively collecting child support in cases where families now receive welfare payments. The strategies must include mechanisms for measuring the costs and benefits of child support enforcement efforts so policy makers can make informed decisions about the appropriate level of funding.***

There always will be neglectful parents, but the social conditions defining the problem will be constantly changing. Accurate and detailed assessments of different enforcement tools are essential to creating comprehensive strategies for helping children by helping their parents. Specifically, the State should take the following measures:

- Direct the Department of Social Services to prepare, with the assistance of the State's universities, a detailed analysis of how much of the child support caseload can reasonably result in orders under contemporary automation, how much of the child support caseload can never realistically result in a paying order and what are the characteristics of the cases that fall in between.
- Allow for one or more counties to establish pilot projects intended to produce reliable child support in those cases not being reached by current strategies. The potential pilot projects could include a support assurance program in which the government makes up the balance between the support received and a minimum financial benefit, experiments with prenatal paternity establishments and child support orders established at birth.
- Allow for one or more counties to create programs allowing underemployed or unemployed noncustodial parents to work off public child support debts by performing community service or a combination of community service and worker training.
- Commission a detailed cost and benefit analysis of child support enforcement in order to allow for an informed discussion on future funding of those programs. This analysis will be essential to change attitudes and maintain the same political backing for child support efforts as existed when the program's goal was to recover welfare expenditures.